



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH

Transcript

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Remarks

The Millennium Challenge Corporation hosts a Public outreach meeting on Doing Business with MCC

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SETHNESS: Good afternoon, everyone, and welcome to the headquarters of the Millennium Challenge Corporation. It's a great pleasure to see such a large fantastic crowd at today's event.

This is the second time we've convened a meeting of all of those that are most familiar with doing business with MCC in one place to share their knowledge and expertise with those who are ready to, in fact, do business with MCC and with our MCC partner countries.

Anybody who's here for the second time is truly a glutton for punishment. Depending on expressed interest going forward, there may be similar events like this in the future.

In some senses, MCC is no different than other government agencies. Our own procurements are governed by the Federal Acquisition Regulation.

Where we seem to encounter a little bit of confusion is in defining what MCC procures, what USAID procures using MCC funds, and what our partner countries procure with their compact grants and the rules under which that third set of procurements take place.

This afternoon's meeting is about trying to bring clarity to that confusion.

First, let me share a bit about our program and why we are here. MCC has a unique mandate to reduce poverty through sustainable economic growth and a number of fundamental beliefs in how we want to go about making that happen.

First, a belief that policy matters in getting selected because you have a good policy environment is a significant contributor to ongoing success.

Second, that country ownership matters, and that implementation of these programs is fundamentally and finally in the hands of our partner countries.

And the third really basic principle is that we believe in identifying in advance and then measuring tangible results against agreed targets.

Within this, we work on building country capacity both for all of the parts of the implementation process as well as building results-based budgeting and management systems for the countries as a whole.

And finally, to encourage economic opportunities for all sectors of both domestic society and international investors.

We're seeking input into the compact process from the private sector. We are hoping that ultimately private investment, both domestic and foreign, will take advantage of improved investment opportunities because of what our threshold programs and compacts are doing in the countries, and finally, the subject of today's meeting, contracting with MCC, with USAID and with our partner countries.

We believe that we're providing some unique procurement opportunities working not only with an innovative U.S. government corporation but also with countries who are motivated to improve the lives of their citizens through projects that are promoting poverty reduction through sustainable economic growth.

Procurement, the delivery of goods, works and services in a timely, fair, competitive and transparent manner at fair prices, is fundamental to the successful implementation of MCC's work and MCC-funded projects.

Millennium Challenge Account funds are awarded in the three ways I mentioned before -- through contracts from our headquarters, through threshold assistance programs managed and administered for us by USAID, and through MCC-MCA-country-entity country-level procurements.

Many of you, I'm sure, are already fully familiar with the Federal Acquisition Regulation. This guides the MCC contract award process at headquarters and the acquisitions and assistance instruments used by USAID.

The first panel we will convene here today will discuss this aspect of doing business with MCC, focusing on our contracts in the threshold program.

After the panelists present, we'll take your questions. And I ask that you please look for Brendan, who will have a roaming microphone with him, to ask them.

It's important for us that you use the microphone so that we can get a complete transcript afterwards for future reference.

The procurement guidelines MCC requires for country procurement requirements are somewhat different than those used by any other donor. Therefore, our second panel will focus specifically on country procurements in their guidelines.

Again, there will be time for you to ask questions of those on the second panel.

With that overview on how we plan to proceed, it's my pleasure now to invite our first group of panelists to make their way to the table. As they do so, let me introduce them.

We're joined by our managing director for contracts and grants management division here at headquarters, Greg Williams, and from USAID's Millennium Challenge Secretariat, Peter Delp.

After they have presented, we can take your questions.

We'll start with you, Greg.

WILLIAMS: Thank you very much, Chuck.

Good afternoon. Welcome to the Millennium Challenge Corporation. As Chuck mentioned, my name is Greg Williams. I am the director of contracts here at headquarters.

I am so glad that you took time from your busy, very busy schedules to attend this event. The Millennium Challenge Corporation desires -- and in fact, we need -- the largest vendor base that we can possibly attract to support our programs. And we're glad that you're here.

The Millennium Challenge Corporation has been operational for 3.5 years, and I've been with the MCC from the beginning. In fact, I was among the first dozen detailees from other federal agencies assigned to get this federal corporation up and running.

My division is responsible for all contracts that are awarded by MCC headquarters for administrative and management support of MCC operations, as well as acquisition of services to assist MCC staff complete due diligence activities supporting the award of compacts to our eligible countries.

The contract award process at headquarters is conducted in accordance with the FAR. A significant percentage of headquarters contract awards are awarded as orders under existing contract vehicles.

All contract vehicles -- and I'm talking about the indefinite delivery, indefinite quantity-type vehicles, as well as blanket purchase agreements. These vehicles are awarded by the MCC using competitive acquisition procedures.

The period of performance for each of these vehicles is five years, and most of them contain options that will run for the five years.

These contract vehicles are awarded to multiple vendors, to the maximum extent possible, and each vendor is given a fair opportunity to compete for each task order. The MCC uses competitive contract award procedures to the maximum extent possible.

Now, in addition to full and open competitions, MCC headquarters awards contracts using the GSA federal supply schedule program.

MCC contract opportunities at headquarters that are estimated at \$25,000 and greater are advertised at www.fedbizops.gov. And they're also advertised on the MCC Web page.

In instances when the acquisition strategy is to use an existing contract vehicle, advertising for the contract opportunity is restricted to those entities that have been awarded the applicable contract vehicle.

Headquarters frequently seeks the services of individuals as well as firms to support our mission. Advertising for individuals may be posted in newspapers, professional journals and on the MCC Web site.

Headquarters has contracting opportunities for information technology-related products and services as well as services that include assessments and due diligence in the following major areas: A&E, which is architect and engineering services, finance, agriculture, transport, water, energy, land tenure, education, health, just to name a few of the major programs that we contract for.

I would like to address a few of the questions that were submitted in advance of this event. The first question reads, "Regarding the MCC utilization of small businesses in its contracting activities, do you have information indicating the number of small businesses that have received contracts and the dollar amount of these contracts? Also, is there an implementation plan for greater meaningful utilization of small government contractors?"

Let's look at our performance during the past two years. During FY '06, MCC headquarters awarded 52 percent of all awards to small businesses. That represents 24 percent of total contract dollars.

During the period October 2006 through present, MCC headquarters has awarded 58 percent of all contract awards to small businesses. Small business concerns have received 27 percent of total dollars awarded.

These statistics compare very favorably with Small Business Administration goals.

We have shown improvement from FY '06 to FY '07 in awarding contracts to small businesses, and we hope to do even better in the future. We're looking for opportunities to make acquisitions small business set-asides.

Next question, "What process does MCC use to determine which firms and/or consultants to utilize for assessment tasks in MCC-eligible countries?" We use competitive award procedures to the maximum extent possible.

Even if the acquisition strategy is to use an existing MCC contract vehicle or GSA schedule, we will still use competitive procedures. When we seek the services of individual consultants, again, we use competitive procedures.

We advertise general requirements to establish pre-qualified lists of individuals. When a specific requirement becomes known, we invite highly qualified candidates from the pre-qualified list to submit a quote.

We make every effort to minimize use of sole-source contract award procedures. Now, that is not to say that we have totally eliminated sole-source awards. However, we strive to minimize sole-source awards.

Question number three, "Are firms that participated in the assessment phase prior to country receiving funds -- are they prohibited from participating in the implementation or follow-on phase?"

This question deals with the issue of conflict of interest and eligibility for award of contracts. Firms must consult with their own legal counsel to determine if their performance in the assessment phase creates a conflict of interest as defined in FAR part nine.

To assess if a conflict of interest exists, there are two basic considerations. One, has performance of the MCC contract permitted the firm to obtain an unfair competitive advantage or become less than objective during performance of the implementation or the follow-on phases?

Two, did the firm participate in the determination of requirements for the implementation or follow-on phase? If the answer to these basic questions is yes, then there may be a conflict of interest which could make the firm ineligible for award of a contract.

If the firm determines that there is a conflict of interest, then they may submit a mitigation plan for consideration by the MCC. If the mitigation plan is acceptable, the firm will be determined to be eligible for contract awards for implementation or follow-on phases.

The MCC will not address hypothetical scenarios to determine if a conflict of interest may or may not exist. We expect the firm or the individual to consult with their own attorney, arrive at a determination and proceed accordingly.

Question four, "Are non-U.S. firms permitted to compete with U.S. firms as prime contractors for MCC business?" Yes.

Non-U.S. firms are, in fact, permitted to compete with U.S. firms as prime contractors for MCC business, provided that they do not appear on a prohibited source list and the acquisition is in compliance with the Buy American Act in FAR part 25.

Next question, "Are MCC-funded, contractor prepared assessments that are submitted as deliverables available under the Freedom of Information Act, or do they reside in an MCC library?" If the deliverables are considered confidential or proprietary information, they are not release-able under FOIA.

Release-ability determinations must be made on a case-by-case basis. The MCC does not maintain a public library. Public documents are, in fact, available on the MCC Web page.

Next question that we received, "What are the best ways for independent consultants to become involved with MCC or its funded programs?" I will address the part of this question that pertains to contracting opportunities initiated by MCC headquarters.

Requirements that are available for independent consultants are advertised at www.MCC.gov. That is the MCC Web page, MCC.gov. Those requirements are also advertised in professional journals and newspapers.

It's expected that independent consultants would monitor these media for contracting opportunities that are offered by MCC headquarters.

If the acquisition strategy is to use a pre-qualified list, then the requirement is not advertised for consultants, and what we will do is conduct a limited competition that includes the most highly qualified consultants that are on the list.

And as I stated previously, we use competitive procedures to develop the pre-qualified list.

I would like to conclude my remarks by addressing a question that we received from an educational institution, "The university is concerned that MCC's contract terms and conditions restrict faculty freedom to publish information that they obtain during performance of MCC contracts."

Educational institutions have refused to perform services for the MCC as well as other federal agencies, and the MCC is unable, therefore, to involve the talents of these university-based researchers from across the country in analysis of potential compact projects.

The MCC policy is that information obtained during performance of MCC contracts may be published following written approval from the MCC contracting officer.

When deciding when a particular report should be released, the contracting officer, in conjunction with the MCC department that contracted for the particular report, shall consider a couple things.

One, timing of the request for release. If the compact is signed, most likely the report can be released. If the compact is not signed, release of the report will depend on whether MCC and the country can agree that the confidentiality of the report is no longer necessary.

The second consideration is content of the report. If the report contains proprietary information, MCC will be required to redact the material out of the report.

Ultimately, almost all reports can be released. But MCC has to retain the authority to limit release until after a particular time so as not to compromise negotiations leading up to a compact.

I'd like to thank you for your attention, and now I'll turn the podium over to Peter Delp, who will address the MCC threshold program. Thank you.

(APPLAUSE)

DELP: It's nice to be here this afternoon. I see some familiar faces and some that were here the last time, so you really are gluttons for punishment.

I feel like the little stepsister. He's got all the money, and we just have 10 percent of that amount of money.

But to date, the threshold program has obligated \$332 million, ranging in size from \$55 million to Indonesia for anticorruption and health activities, and just signed today, \$6.7 million to Guyana for fiscal policy and other assistance.

I want to say, first of all, who I am. I represent a very small unit in USAID in the new Office of Development Partners -- read PPC Bureau's leftovers, OK?

And this Office of Development Partners includes bilateral and multilateral donor coordination and the Global Development Alliance, so we have some strong relationships with the private sector. It's quite an interesting office, and I'm waiting to find out who my new boss will be.

Within the independent office is a division with three or four of us right now -- I'm trying to add a couple more people -- who oversee the board role of our administrator with MCC, who oversee any involvement with compacts that we have, which is minimal, and certainly, overseas, the implementation the threshold program, which has been substantial.

By statute, the MCA act calls for a role of -- for USAID in helping countries prepare to become compact-eligible. It subsequently became called the threshold program.

To date, there have been 16-some programs, 15 of them USAID has the lead in. By no means are we working alone. We cooperate with treasury and justice in this effort. And of course, we cooperate very closely with our colleagues at MCC.

Chuck Sethness laid out some of the principles of MCC. I just want to run through them real quickly, because they're pertinent, I think, to this discussion that you came here for today.

The first one I'd like to emphasize is that it's all performance-based. I recall going to a seminar in Egypt in the '90s on performance-based contracting, and people kind of said, "We'll never do that." MCC is trying to do that, OK? It's very much tied to performance.

The counterpart of that, of course, is accountability, accountability for results. This applies very much to the threshold program. And it applies specifically to trying to turn a red indicator, one of those 16 indicators, to green within a two-year time period.

And we stress, first of all, trying to change a red indicator and secondly, within a two-year period.

We know that there are many other factors that influence eligibility. It is the overall policy framework, after all. And of course, it's the commitment of the country to change.

The second principle that Chuck mentioned I think is extremely important, and that's country ownership.

How that plays out with the threshold program is that MCC now has the staff and they are quite prepared to go to a country and say, "You need to improve your policy performance in this area or you won't be considered for eligibility."

"Your anticorruption indicator -- a hard hurdle. You don't pass it. You need to improve it." "You're doing business indicators -- fix them." "You're investing in people? You're not, OK?"

And so they can work with the country and help them develop a concept paper. USAID is involved in that where we're on the ground. In non-presence countries as well we assist. But largely, this is a MCC activity, to help get the country steered in the right direction.

USAID then comes in to help with the development of the proposal. We do not write the proposals. We come in to write the budget, because MCC said they were tired of getting budgets that were all over the place, so we use our expertise to develop a reasonable budget.

The country ownership is still very much there, because the MCC board looks very closely at the success in the threshold program as evidence of commitment of the government to the principles of MCA.

Accountability for results -- we produce quarterly reports based upon what our contractors and our implementors tell us. We give those to MCC. They are very closely scrutinized.

They will be presented to the board at some point in a sort of summary way. How much progress have you actually made?

And this will be done quarterly. That's a little bit unusual for USAID. We tend to have a longer time span of discretion. Here it's very short because it's a two-year program.

And finally, there is, of course, broad consultation at all stages. We don't normally form broad steering committees for threshold programs but, in fact, we do form steering committees, and those steering committees involve the implementing agencies on the part of the government.

I would like to add to what Chuck Sethness said two other things -- or three other things, really, that I want to emphasize with regard to this 10 percent of the MCA account, the threshold program.

The first one is two years. To date, all the threshold programs who have signed agreements with the government have said we want the results in two years. This is a two-year program.

This is not USAID business as usual where you do five-year programs, and then of course, you get that extended, and then you extend that, and you do, you know, health sector project number three, and do the -- I see some head shaking. You know about this. OK. Two years.

Now, have they relaxed that a little bit? Yes. They're giving us a couple months to start up, so we have 30 months, maybe, to implement it.

(UNKNOWN): Are you flexible?

DELP: You're very flexible. Actually, we prefer 28 months. That's four months to get the facts on the ground, to get something happening, to start mobilizing people.

So the threshold program -- you say, "Well, wait a second, it's not much money." \$55 million in Indonesia, OK? Ukraine, \$45 million. \$32 million in Malawi, OK? These are not small programs. Paraguay, \$34 million -- pardon me.

These are not small programs by aid standards, typical sort of non-Pakistan, non-Iraq, non-Afghanistan countries. These are big programs.

And they're in an area that is very, very soft. Anticorruption activities -- we're going to solve Indonesia's anticorruption programs in two years? Sure. We're going to make a dent? Well, we think we can do a test of whether or not the government's serious about anticorruption. So we're buying on that basis.

The second thing I'd like to emphasize is something that Greg very ably stated. It's 935, source origin, nationality, 935. OK? So it's not restricted to U.S. bidders.

We try, to the best extent possible, to follow USAID procedure and rules and regulations in implementing the threshold program on behalf of MCC. But MCC's lawyers have made it clear, it's 935.

If you don't understand that, don't worry about it.

And then the third thing is that -- delegation and missions. I mentioned my office, because we're a central office. We're what's left of -- one of the things left of PPC. But in fact, the missions have the lead in this.

They are the ones who decide what estimate to use. They decide, to some extent, who their partners will be. And they decide how to proceed in terms of relations with those partners.

So I want to emphasize, if you call me, I will politely speak to you on the phone, but I don't decide who gets a contract. You knew that anyway. OK.

First of all, I'm taking too much time, but very quickly, what we've done is mostly focused on anticorruption activities because it's a hard hurdle. That's what MCC has led the countries to, and that's what the countries realize they need to address.

But we've also worked on fiscal measures, macroeconomic measures, customs comes in, investing in people -- in two countries -- Burkina Faso, girls' education, and in Indonesia for improving the capability of the health system to do immunizations -- and then some work, for example, on doing business.

There's been some excellent synergies. Did you know that Philippines passes the corruption indicator? Some of you may find that hard to believe, but they passed the anticorruption indicator.

So you don't need to give them assistance in that area, so what you do instead is you give them assistance with customs, and with tax collection and you stop the leaks. OK.

And so that will have a nice synergy also to make more money available to invest in people, to improve their scores on health and education.

I want to tell you that it's been a pleasure to work with the staff at MCC on this. It's a pleasure to see them realize a vision of this administration. The jury is still out, OK? We're only completing our first official program, Burkina Faso.

We've built 132 schools. Have we solved the problems of girls' education in the Sahel? No. But we've made a dent, right?

So we look forward to working with you and answering your questions now.

SETHNESS: Thank you, Greg.

Thank you, Peter.

Are there any questions?

Yes, sir. Please wait for the microphone, and let us know who you are.

DRAGNICH: I'm David Dragnich with Global Trade & Technology. I had two questions. Are there any advanced notices of what's coming up via procurement so that you don't just get a surprise one day and it shows up, you have a little more lead time to prepare?

And the second question -- these are both for Greg -- was MCC is a fairly new organization, and when you said experts are often chosen from pre-qualified lists, it's probably reasonable to expect that you didn't attract all of the experts the first time you went out. Do they have periodic updates of the list of experts?

WILLIAMS: Thank you. Those are good questions. We do publish an advance procurement plan. It's located on our Web page.

We publish that every -- during the first quarter of each fiscal year, so you can get an indication of the type of contracting opportunities that are coming.

We awarded -- well, we advertised and made selections to our pre-qualified list. We do that from time to time. When we do expand the list or create a new list, we advertise the fact that we're doing that.

So to answer your question, there are opportunities to get on the list from time to time.

SETHNESS: We've also, on at least one occasion that I'm aware of, done a second round of people for an IDIQ roster, and I don't know whether there are other cases of that, Greg, but...

WILLIAMS: Yes. Initially, like for the A&E-type contracting, we initially solicited and awarded -- I think it was eight IDIQ-type contracts, and then about six months later we did another procurement action and awarded 12 additional.

So that's what we've done over the first 3.5 years, so you know, we'll continue to do that sort of thing.

SETHNESS: There was also a reopening of the IDIQ list for impact evaluation services also.

Other questions?

Down in front.

MICHEL: Thank you. Jim Michel with DPK Consulting. I wanted to ask about the distribution of labor between MCC and AID in the design of the threshold programs, because much of this, I guess, is determined by the threshold agreement that says we're going to work in this area, this area and this area, and this is the amount, but then there are still questions of how do you do it.

And I just wondered how much of this is collegial and sorted out, how much of it is a clear line and bright line that says MCC does this part and AID does that part. Could you just describe that a little bit for us?

DELP: I think it's been an evolving partnership. That's a very good question. It's been an evolving partnership.

In early years when MCC was very thinly staffed, particularly in the threshold program, USAID had a substantial involvement in all phases. We still are involved if we are chosen as the lead agency. That's not always the case. Fifteen of the 16 we've been chosen as the lead agency.

The substantial involvement has been somewhat overtaken by MCC as they have staffed up in their threshold program office.

The design of the program has to come from within the government, so they're holding true to that principle. No one is going to the government and saying, "Here's what -- we've got this package, accept it or not accept it."

So very clearly, the consultation of the government is with people who are prepared to do certain things. And if it's in the anticorruption field, you know how difficult that is.

So getting the right people, making sure you have the right organization that you're partnering with -- we do the vetting for that. We help on that because we have the presence on the ground.

So I think it really has evolved into a very successful partnership. As MCC has staffed up, USAID's role has diminished, but we still come in very strongly on the review process along with other board agencies, treasury and state, and we also do the budget.

SETHNESS: And, Peter, there's a good deal of conversation in country with the missions and our people and the country reps that have the projects as to what is the right way to get it done.

I think, as Peter said, that it's fair to say that most of these are relatively well designed before the threshold agreement is signed.

The most recent one, I guess, is the one where there's still the most work yet to do to flesh out the design, because the lead agency hasn't spent that much time in country yet.

Let's take a question there.

QUESTION: Hi. Martha Fried (ph) from East-West Management Institute. My question is for Peter. I was hoping you could elaborate a little bit more on the performance-based contracting for threshold programs.

Given that the period of performance is two years, some of the work plans that I've seen for some of these contracts are very aggressive, and you mentioned that a successful contractor tries to turn red to green.

Can you elaborate a little bit more on what actually constitutes success in terms of statistics or policy ownership by the government?

DELP: That's a very good question since I raised the point about performance.

The principle of the Millennium Challenge Account, of course, is that we only work with good partners. The U.S. government -- we are selective about who we choose to work with.

The threshold program's idea was that well, you might be a good partner on some of the indicators but not all of the indicators, and so we find the one or two indicators where there's a chance to improve.

For example, Burkina Faso -- they were very weak on girls' education. So the effort there was to improve their score on girls' education.

Was it the idea in Burkina Faso to solve the girls' education problem? No. Enrollment rate's 12 percent. No, I don't think so. OK. A hundred and thirty-two schools? I don't think so.

On the other hand, it was an effort to be supportive of their desire of the government to make movement in that area.

What we expect of our implementing partners -- in the case of Burkina Faso, a cooperative agreement; in some countries, a contract -- large contracts, actually, by our standards -- is that they will be working closely with those government actors and stakeholders in the country that will want to effect a change.

They will monitor that quarterly against some expected benchmarks. We have now had several programs -- Jordan and Ukraine and perhaps another one in Kyrgyzstan that will have conditions before the release of the balance of the funds, so some portion of the funds gets released, so the contractor has to gear up for a condition-staged program.

Where it's separate components, that's not hard. I mean, Jordan, it was two separate components. And the accountability part there is, first of all, that you know what's going on with the progress of the program, but you're also able to report it in a timely manner.

It's not six months delay or nine months delay or, as I used to do when I was out in Ethiopia, take a year to report on results. We don't have that kind of time frame. You have to devote effort to that task and making sure.

And one of the points that I've seen happen with MCC and its board -- and when I attend the board meetings, it's been very interesting to see the board pick up this idea of using the threshold program as a gauge of the seriousness of the government to reform.

We may have picked the areas to reform in. We may have guided them through the -- this indicator's the reddest, or something like that, or this has the best prospects.

But they pick the area to perform in, and if they don't show the commitment and make the changes, then that's not a good sign that they're eligible to be a partner for a compact. So that's where the performance really comes in.

Our contractors, incidentally -- some of the early ones didn't have agreements that said you will report in this manner at this time. It was more the normal expectations of reporting. So we've had to make some adjustments to that.

But it's very clear that the accountability and timely reporting results have to be done.

SETHNESS: But also, to add slightly to that one more specifically, each of those work plans -- the threshold program agreements -- have pre-agreed indicators for what we're expecting to see by when, so that you know in advance what it is we're going to be trying to track.

QUESTION: My name is Rita Vermath (ph). I'm with the (inaudible) here in Washington. And my question is also for Mr. Delp.

You mentioned that you're working with Indonesia on anticorruption measures. I'm just wondering if MCC works with -- if there's other sort of security sector-type work that MCC does in compact countries or threshold countries, or if there are other security-related, very broadly defined, indicators that countries have to use as priorities or goals that they want to meet so -- peace agreements or weapons security or something like that.

SETHNESS: I think that's probably mine rather than Peter's. The policy indicators for MCC eligibility do not specifically include a security indicator. And I don't -- I'm not aware of anything that we're doing in that field.

WILLIAMS: Political stability.

SETHNESS: Political stability, good governance, investing in people through education and health expenditures and good economic management are the areas that the indicators focus on. OK.

TABAKA: Adam Tabaka from DevTech Systems. I was wondering if you had any ball park numbers of task orders being implemented under the various IDIQ vehicles.

WILLIAMS: You're referring to the dollar values?

TABAKA: Just number of projects being -- programs being implemented.

WILLIAMS: Well, in terms of programs, I don't have a feel for that. In terms of volume of actions, I think over 3.5 years we've awarded upwards of about 400-some-odd individual contract actions.

During FY '06, that total -- the number that were awarded -- in fact, I think it was 128 actions, or about \$55 million contract value.

SETHNESS: Are there any other questions?

Yes, there's one back over there.

DOGETT: Hi. I'm Tony Doggett from American Institutes for Research (inaudible). I wanted to follow up with a question on the design of the threshold programs.

Given that you have 15 bases to cover, and recognizing that some are green and some are red, how do you decide on which of the 15 bases you want to focus on?

for example, in Guyana, you're focusing on the business environment and fiscal responsibility. But what about the other indicators?

And is part of the design of the threshold program the work of other donors in those sectors, or how do you sort that out?

SETHNESS: Yes.

DELP: I'm going to be very...

SETHNESS: It's a complicated question.

DELP: I'm going to be very brief. If you go to the MCC Web site, you'll see the 16 indicators, and you can see the scores for every country.

If a country has too much red, it's not likely to be a threshold country. The exception, of course, is Yemen, and that's a special story and a wonderful story in terms of political commitment, we hope.

So if there's one or two indicators that are red that are amenable to change, and it's something clearly that the government can change, those become the candidates for -- and that's part of the advice package that's given to the country as soon as it's selected for threshold status.

So it's not haphazard at all. It's not arbitrary. It's basically you're supposed to perform across a variety of indicators, you're not performing in this area.

There's going to be a growth industry for natural resources indicators, because we're seeing that some of the countries are not performing that well in that, and I think there will be, certainly, maybe remedial work for some of the compact countries in that area as well. But that's not the threshold program.

SETHNESS: OK. We have time for one last question, if there is one. If there isn't -- oh, OK.

QUESTION: This is Sally Everett (ph) from GTS (ph). I'm a women-owned, small, disadvantaged business. Your statistics are wonderful about small business. I'm wondering how much of that is goods versus services. I haven't really seen any -- or relatively few procurements.

WILLIAMS: You've seen few procurements...

QUESTION: For services.

WILLIAMS: ... for goods?

QUESTION: No. I haven't seen -- I don't know of small business awards for consulting services.

WILLIAMS: Yes, the bulk of those small business awards that I mentioned were for services. They were, in fact, for services. We buy very few goods at the MCC.

SETHNESS: OK. I think at this point, to try to stay more or less on schedule, we ought to move on to the next panel, thanking Peter and Greg again for your participation.

(APPLAUSE)

And we'll switch the focus now to what our countries are procuring with their MCC grants.

The participants for this portion of the program are William Clancy, a director for fiscal accountability, and Jeanmarie Meyer, our senior director for program procurement policy.

After they've presented, we'll open the floor again for questions.

CLANCY: Good afternoon, and thank you all again for coming.

Thank you, Chuck.

I'm the rookie in this road show. Everybody else had their chance to (inaudible).

Hopefully I can lead you on through a very short and brief summary of our accountability structure to set the table for Jeanmarie, who is our senior director of program procurement, which is probably what you want to hear about and the procurements that go on in country by the accountable entities in the countries that we're working.

Hopefully I'm going to get that to work here in a second.

Fiscal accountability is a structure that we work in inside our host countries, the countries that we have established or are in the process of establishing the compacts.

The context here is that these entities -- the program entities in country are established by the country's government under our guidance to be a standalone entity that operates and implements the projects that were a part of the compact, as compared to what Greg and Peter just indicated about U.S.-based procurements for our establishing the compacts or the threshold program.

So what are the elements of fiscal accountability in MCC-speak or MCC environment? We have entities who are in the countries operating the programs.

We work with these entities to establish the rules and procedures that assure certain things -- the checks and balances in the decision-making process, ensuring that funds are managed properly and that procurements are undertaken in a fair, open and transparent manner.

This flow chart or organizational chart -- I encourage you to keep your thumb on this page and refer back to it as I go on. But this is our circle of accountability in the in-country situation.

And I'll be referring to or explaining the accountable entity, the fiscal agent role, the project managers, touch on the procurement agent, but Jeanmarie in her presentation will go in great detail on that.

So in the middle, in the light blue box on your diagram, you saw the accountable entity. This is the primary implementer for our programs in a compact country. It's either a government ministry or a sub-ministry, a unit within a ministry.

It can be a private foundation organized and established by the government. It can just be an agency of a government. But it is a definable unit, and it has its own operating procedures and articles of incorporation, as you might think, to act as a standalone agency.

It's a legal entity. It's accountable for MCC-funded programs, with the authority and responsibility to manage these programs, to implement them, to allocate the resources and approve the procurements, including signing all contracts.

The procurements that go on in country, as Jeanmarie will explain in greater detail -- they are signed by the accountable entity in the country.

This entity is also the single point of contact between MCC and that country, OK? These accountable entities will have governing bodies, a board of directors, shareholders groups.

MCC works through the accountable entity and the staff and the structure there to interface with the government, with the board of directors and their shareholders groups -- stakeholders, excuse me.

There was a question that came in prior to this, and I'll stop and answer it here, about employment opportunities for the MCA units in the different countries. This is not a procurement action. It's an action that happens very early in the accountable entity setup.

And it is handled by a pre-group, a setup group, that has been operating in country to win the compact or negotiate the compact from MCC.

This group will run an open and fair posting of available positions, usually the senior positions at the beginning, and there will be an independent board that will review the guidelines, the job descriptions, the qualifications of the people, and hire those people independently.

The information regarding that -- and this is where the question came in. The information regarding that can be found on the individual country's Web pages and in country advertised in the major newspapers and media sources in country, close to the time of the signing of the compact or the final negotiation of the compact.

You can find the -- generally, you can find the country's own Web page by going to the MCC Web page, clicking on "Countries". There's a whole list of all the active countries.

Click on the country that you're concerned about or interested in, and there should be a link there to the country's own home page.

Again, back to your diagram, you'll see at the bottom there's a group in pink called project managers. The accountability is the management and oversight of the project managers.

Project managers are the actual people executing the projects that were negotiated in the compact. The implementing entity, which is an MCC term, is what we call or classify as a government body.

It has some connection to the government as an organization that's already existing, has proven capacity and expertise in a certain area for projects that can be entrusted to execute that project on behalf of the accountable entity.

Then there will be outside project managers whose selection is made through a competitive bidding process. There's often a mix within the countries, not just outside project managers or not just government-funded or government-sponsored or -initiated implementing entities.

The principle here is that to be a project manager you have to have proven capacity to operate in this realm. So if the government has an already existing unit to do that, that's great.

If not, or if through our due diligence process we have some questions of, being in our time frame, that unit to be able to execute the project, then there can be outside project managers.

Furthermore, the project manager is an entity engaged by the accountable entity. I already told you that, but they're responsible for managing the implementation of the program elements. And many of our projects have many sub-elements to them.

Supports the procurement proceedings -- they provide the first level of authorization for the certification of receipt of goods and works and services that they're responsible for, and they initiate the payment process.

That brings me to my final area that I'm going to explain this afternoon before handing it over to Jeanmarie, and that's the concept of the fiscal agent. The top box in green on your diagram there -- these people do the management of the dollars.

They provide a broad range of financial management services. They are the key role of which they have the sole authority to instruct the bank for payment, OK? So they're the bottom line.

They're the end solution in the accountability and the fiduciary responsibilities of the accountable entity. These can be an internal group, something from the ministry of finance. And again, we go out and do the due diligence of these units.

It would be a separate unit within the ministry of finance, if that's what is proposed, or we procure outside fiscal agents that have the capacity and the experience of working in foreign countries, knowing the norms and standards of business operations in that country. It's, again, a fair and open bidding process that is done through procurement.

So hopefully, as you look at your interaction diagram there, fiscal accountability entities, you'll see that there's a lot of moving parts here. There's a lot of country ownership.

What we do in fiscal accountability for MCC is try and empower these groups to work together to keep good control and oversight of the projects.

But the key thing that you're here for today, and I'll hand it over to Jeanmarie now, is for program procurement and the opportunities that are there.

So this is Jeanmarie Meyer, and she is a senior director of program procurement for MCC.

MEYER: Thanks, Will.

And good afternoon. And like Greg, as a procurement person, I get very excited when I see so many people interested in our procurements. That certainly doesn't make our lives worse. It makes our lives better when we have a lot of good competition and good competitors, so thank you for being here.

And let me tell you what I'm going to sort of try to cover. I want to make sure that we leave time for questions. Last time we ran a little short for questions. So I'm going to try to cover what we need to but leave time for some questions.

What I'd like to talk about are two of the players in the program procurements. Will kind of gave you the overview. I'm going to delve into who the players really are.

I want to give you the framework for the rules and then where to find them. I also want to talk about how do you find -- something very important to all of you, I know, is how do you find out about procurement opportunities.

And then finally, I want to -- a couple of points that I think I want to make about bidding documents and MCC's monitoring and approval and bid challenge systems. I think these things are very important to kind of build confidence in the system.

So those are the things I'd like to cover now. What I'd like to start out with is -- I'll start out with the chart again, because, again, visualize. You've got the accountable entity and the procurement agent. Those are the key players we're going to talk about now.

First, in the accountable entity, as Will said, the accountable entity is the contracting party. That sounds real good, but you need -- it sounds straightforward, but you need to keep it in mind. People kind of forget about it. They are your contracting partner, and they are the contracting party.

In each of the accountable entities, we require them to have a position called a procurement director. This procurement director is not, in your minds, what you might think as a contracting officer. No. They're probably a lot more like a co-TAR (ph).

They don't conduct procurement. They are the key players that -- the key person and office that manages the procurement agents. And they are the key interface between the procurement agents in all the procurement matters, the project managers, and MCC.

So when we have the touchpoints, what we call touchpoints, or approval processes, they go through the procurement director. So this is a very pivotal position. We try to centralize it. But it's more like a co-TAR (ph), not a contracting officer.

Procurements are conducted by procurement agents. They manage all the procurements for what we use -- we use the World Bank procurement terminology, so goods, works, services.

Procurement agents can be an implementing entity, an independent entity that we competitively procure or a combination of both.

Now, I want to contrast this. Will talked about the fiscal agents. There's only ever one fiscal agent in every country, only one center group that can sign the checks. That's where the invoices go and the money is paid out, the disbursements. But we can have multiple procurement agents.

In our due diligence process, we will go and do diligence -- and it depends on what the country proposed. Again, we talk country ownership.

If they propose they really feel like they have an implementing entity that's got like an energy project area, and they've got an implementing entity that they want our sector people to diligence as far as to be the project managers -- remember, project managers sometimes need to be contracted out if we don't find the capacity in country, OK?

But the same sort of -- with the procurement agent relationship and position and services -- and if the implementing entity -- if they have an implementing entity they feel is a strong project manager, and they also feel like there's good procurement capacity in that implementing entity, they can ask us and they propose to us to diligence them for procurement capacity.

And we will do that, but only -- so it's only like a marriage of an implementing entity and a procurement agent. You won't have a government entity being a procurement agent if they're not also an implementing entity.

Otherwise, when we have procurements where they're not also an implementing entity, then that's done by an independent procurement agent of some sort. OK.

I want to emphasize that when we do due diligence, we are really looking for a level of skill that is sort of a cut above, perhaps, the normal, because we have to do -- we have large projects, large procurements that have to be done very fast.

They have to work in a critical path kind of approach. They can't do a linear, one by one. These procurements have to be done very quickly. We have to have these fully invested in five years, and so the procurements -- it's a very accelerated pace.

So in some of our countries, we do have -- we do have some implementing entities doing procurements but also have independent entity, and they're always competitively procured.

And I want to emphasize, we don't build capacity. We (inaudible) looking about due diligence may exist. We do what's there. Now, we'll train them in MCC procedures, but we're not going in doing procurement capacity building.

That's done by the threshold program or something, but we're not -- or that can be a project in the compact, but we're not doing procurement capacity building. OK.

The MCC procurement procedures -- I want to talk about where and understand -- MCC, of course, is a new organization. We have a lot of somewhat trial and error, or things that we learn, and we're growing and evolving and doing things differently.

So in our early contacts, we had a document called a procurement agreement. And the procurement guidelines are a schedule to the procurement agreement. So in all compacts that were signed last year in 2006 and early '07, they would have a procurement agreement.

This spring, we changed our compact documents, and now we have a program implementation agreement, and attached to those are the MCC program procurement guidelines. And it's a self-contained agreement.

So these early procurement agreements -- you will find a main text, an approval schedule and the guidelines. You'd have to look at the agreement as a whole to get all the parts.

In the new compacts, you'll have -- the program procurement guidelines are one document and everything's integrated. All (inaudible) it looks like it's a lot changed. Not really. It's a lot of form change but not much substance change.

And that's one thing I want to emphasize. We have what we call new program -- new MCC program procurement guidelines.

Again, as we say, we -- what we're learning is when we first went out, we tried to be -- our thought was to be country ownership, what's expedient, what's fast, what's going to work the best in the various countries.

So we had a very flexible approach. We'd go in and see -- and try to do a procurement framework that fit best in the countries, and we were open to maybe use the national system with some modifications to fit our policies and laws.

But what we found is after the first 11 compacts, actually, most -- 10 of the 11 -- were based on the starting point, the World Bank procurement guidelines. So a decision was made at that point, since that seems to be the major default, so we're going to start there.

So the MCC procurement guidelines were developed. They are based on the World Bank procurement guidelines. If you know the World Bank procurement guidelines, you really know MCC procurement guidelines as such.

I'm going to outline the key exceptions that are very, very important, particularly for you, in the implementation. There is no geographic preference. We don't have any preferences, no set-asides. It's really pure procurement. The best wins.

And we have the U.S. -- we include the U.S. prohibited sources. We also honor the World Bank blacklist, but we also must, by law and policy, honor those key persons, firms, countries that are not eligible to have contracts with the U.S. government.

We only operate in two currencies, one of two currencies, either the U.S. dollar or the local currency. We require the use of English language. This is very, very important to all of you.

If a procurement is valued over \$100,000 U.S., the procurement must be conducted in English. Bidding documents must be in English, no matter what the national language is.

If it's under \$100,000, it's advertised in English, so at least you can be aware of it. If it's over \$50,000 it has to be openly advertised. And it would be advertised in English, so you can at least be aware of the procurement and what's going on.

But then if it is a language that's a native language that's other than English, you'd have to go to a translation to find out more about the procurement.

But then we also have, as I say, low advertising thresholds, lower than the bank. Anything over \$50,000 is really advertised. And I'm going to go into the advertising and the places of advertising in a minute. But we do have low advertising.

Now, those are kind of the rules and the key exceptions to the rules themselves. But I think a point that's very important is that we have kind of a little bit different approach to the application of the rules.

And we're a very principle-based approach to procurement rather than a sheer rule-based. And the principles that we articulate -- the open, fair, competitive, transparent -- are taken very seriously.

And we weigh them and evaluate them very much like you would be used to probably in the context of bidding in the U.S. system.

And we have to do a lot -- this is where we have to do a lot of support for our counterparts to get them to think in this principle-based.

We also work toward trying to do a system -- I think the bank really -- and their needs are different, so they're approaching a lot where they do a system where they're trying to take all discretion out of the process.

We're trying to build in wise, good discretion and protect against the abuse of discretion. So it's going to be -- it's going to look a little different.

And in that, also, our approach, consistent with these principles -- we don't have predetermined short lists. There is no -- and in consulting with the World Bank, as you know, they always require short listing.

We don't always require -- I mean, short listing is not required. We'll sometimes go right to the street with the RFP. But in no way -- we don't use any pre-qualified list. We may do a pre-qualification process first before we start the procurement, but there's no list, OK?

We also -- if you're used to -- in certain areas of the globe, they use tender boards as kind of an evaluation process. We have a very different -- we use -- we don't use the tender boards. We use technical evaluation committees that are organized procurement-specific.

We have three requirements, and we review the C.V.s of the people sitting on these. They must be technically qualified to the subject matter of the procurement. They must be peer groups -- no sort of minister and three people that work for him. And they must also -- they have to sign an impartiality statement, and we really look at the conflict of interest in those issues.

So again, as I say, we try to work critical path, fast track-type of procurements.

We have published -- I should say the procurement guidelines are published on the MCC Web site. And we have just recently, since our last meeting in June -- it's at least a little bit of new news for the people that are here the second time -- is that we have just published guidance papers.

This is implementing guidance. And I think this will also give you how, you know, we -- there's guidance there.

This is guidance really to our procurement agents and procurement directors, but I think it will give you a picture of how we envision the implementation of these procurements. So they are also posted on the Web site.

Advertising and procurement opportunities -- this is something, obviously, I'm sure you're interested in, and I want to explain to you how it works. We require procurement plans.

In a procurement plan in -- the way we use the term, you know, is that every entity has to do -- give us -- before they can do any procurement, a procurement -- before they can do a procurement, they have to give us what we call a procurement plan.

It's a list of procurements, the estimated budget and the method of procurement they're going to use. That has to be updated every six months. They can start -- sometimes they do a period of like -- to start of like three months or whatever, what they expect to do in the first three months.

So they give us it for a period of time. These can be amended, and we'll amend them and everything, but they must have a procurement on a procurement plan, the method of procurement they're going to use, and tell us that, and we approve that before they can do a procurement.

After we approve a procurement plan -- and this goes to a question I think somebody had about how you get some advance notice of what's on the tree (ph). We require them to do a general procurement notice.

And this is a list of all the procurements they plan to do in an upcoming period. And again, think more in six-month periods.

That's what we're trying to kind of -- that's sort of the parameters -- that it has to be updated every six months. So you'd probably see one of these on the street about at least every six months.

We require these to be advertised. Each of our accountable entities has to have a local Web site, so it needs to be posted at the local Web site. It needs also to be posted at dgMarket, and I'm going to come back to that, and then also at United Nations Development Business Online. These are all online publications.

dgMarket is a -- we have a special arrangement with them. We have that people can access the procurement -- the notices and the bidding documents for free. You don't have to have a subscription.

But I want to explain how you get to it for free. This came up. In order to get the free access, you have to use the link from the MCC Web site.

So all of these at our Web site -- when you go to the Web site, and you go on "Procurements", go on "Program Procurement" -- there is a link there to the various Web sites, the local Web sites, but there's a link there to dgMarket.

When you use that link to enter dgMarket, you get free access to MCC procurement information. OK.

So then once -- that's the general notice, and that will give you an idea of what's coming down the pike. And then once we have -- they're ready to do a procurement and really start it -- specific notices -- they are advertised.

Everything over the equivalent of \$50,000 U.S. is advertised, and it is advertised from \$50,000 to \$100,000. It's advertised on the local Web site and at the dgMarket. If it's over \$100,000 it's also advertised in UNDP.

Now, we do encourage them to advertise it in any other sites and be aggressive about getting competition. But these are the required sites.

I said I wanted to make a couple of comments about a couple of other points. Solicitation documents -- if you're familiar with the World Bank, the World Bank has standard bidding documents.

We require each accountable entity to develop their standard bidding documents. We will be coming out with MCC model documents, and as we get the finished and approved we're going to put -- they'll be posted on the Web site also, so watch the Web site for the latest procurement activity.

But as the -- even before we have -- those model documents are just to kind of help them. They're not a required format. They're to help them. At this point, we've decided just to do model and let them do the standard, and we will approve the standard.

So one of the first duties of a procurement agent is to develop the standard bidding documents for the country.

Some have been slow to get into that, because they have to really adopt them. There's a lot of special MCC provisions that have to be incorporated, and they've been -- but there's a certain standardization, even though officially they might not have a standard document yet.

MCC -- and I think -- we have a review and approval process and this gives you an idea of what the matrix looks like, and it's a sample of the format.

The matrix is attached to the procurement guidelines, and it shows where MCC intervenes and touch-points of various things in the process. We do a lot of ex ante review. We really watch these procurements going through.

The other thing I want to mention is we require each of them -- each of the accountable entities to have a bid challenge system, and it's a two-stage.

The first, of course, is a complaint to the accountable entity, as we would in the United States, hopefully, that most things can be resolved in that way. But if a challenger is not happy with the decision -- and they're entitled to a written decision, which is then appealable to an independent body.

And they have to set up these systems, and we allow appeal to MCC operations in an interim until they get it set up. So we do not sanction them doing any procurements without a bid challenge system.

Well, with that, I'm going to end.

Thank you, Chuck.

Thank you.

(APPLAUSE)

SETHNESS: Thanks very much, Will and Jeanmarie.

Do we have questions for this -- the hands are already up. OK.

RING: This is a question for Ms. Meyer. I'm Mary Ann Ring with G.E. And I have a question about the World Bank procurement guidelines and MCC's guidelines.

I'm very familiar with the World Bank's guidelines, and I know that they address the behavior of the various players during the tender process, during the bidding process.

But what they are missing is guidance to the suppliers prior to tenders being released -- in other words, what is appropriate and not appropriate, meeting with the various officials who are putting together, for example, the request for proposal.

And if there's too much interaction, they could potentially be disqualified or seen as having an unfair advantage once a tender comes out, because you could -- I'm curious if MCC would be issuing any guidance on that at all. Thank you.

MEYER: I can't promise. I don't know for sure whether we're going to have guidance. I would suspect that at some point we probably will enter more guidance.

But I think that what Greg said -- the question and the answer that he gave is very consistent with what would be our approach to any of that pre-involvement and whether that creates a conflict of interest situation going into the procurement and that you would be barred from participation.

But as I have -- I've had various of companies' lawyers call me because it really is a lot their call as whether -- I mean, we have the standards. There's a lot of case law in those standards.

And we sort of -- even though this is program procurement, in the areas of conflict of interest, I think what -- we're very consistent with what would be a U.S. practice.

SETHNESS: Question right here.

(UNKNOWN): I'm Shelly. I'm with the Business Council for International Understanding. And I just had a question about the bid challenge system.

I have not been aware of this second level for appeals. And I'm just curious as to how this is set up. I know that you said MCC was kind of serving in that capacity before, you know, the accountable entity could set that up or an independent body could be set up.

And there was also (inaudible) any examples of this being successfully set up in country.

MEYER: Yes and yes. The procedures, the bid challenge procedures, in the country must be transparent, showing any bidding document that you would be looking at.

They're either at least laid out in some summary form with a link and a reference to where you find them on the Web site, or there's at least a link to the Web site. But those procedures must be transparent.

And if you find that you can't find them, that's important information that we need to know.

But in one, I can -- I know for sure -- Nicaragua is a good example because they have actually had some bid challenges, and they've done a very good job at dealing with both levels of appeal, both levels of review, and they have an organized appeal panel (inaudible) on a couple of bid challenges and taken that on appeal.

Now, to understand -- I mean, to make clear, appeal to MCC is only a very temporary thing until they get it set up. And that's laid out in the -- any document that that is, it's definitely set out in the RFP.

You'll see on the Web site there's a guidance paper for bid challenge systems, and that would probably answer a lot of and address a lot of concerns and questions, too, because we have issued about what the requirements are, what should be the base requirements, so -- because we'll approve the system, and then what the interim system looks like and how it must be published in the bidding documents or the solicitation documents until they have their own system.

QUESTION: My name is (inaudible) my question is on the (inaudible) process (inaudible) what she has been talking about, I -- there is a challenge in there that some business men went there, they have not won the contract, they keep on challenging (inaudible) delay the system because (inaudible) there is a lot of -- there are many things that I have to procure.

So I found that one time I was working in a government and he used to delay, because whenever procurement could be done, somebody comes in to challenge (inaudible) challenge to you (inaudible).

The open bidding and the World Bank regulations or guidelines is -- involves international, you know, competition, which brings in people whereby the people of the nation -- for example, in Africa, people cannot come and verify where this company's coming from.

Maybe it might be coming from the U.S., very deep down in a certain -- you know, certain place. And he's very good at the papers. He (inaudible) of the contract and when it comes to implementation, it becomes a problem.

How do you handle that, and how do you put them (inaudible)? Because those are the World Bank regulations, according to me, what I know.

MEYER: Thank you. Your first question, bid challenge -- obviously, bid challenges can hold up a process, but we feel like the right to challenge is so -- it's definitely important, and that right must exist.

We do require that there be definitive time lines for challenge and definitive time lines for deciding those challenges. So on both sides there can't be -- we hope to guard against some business that's inappropriate.

And those time lines -- we really do very tight time lines, like the five days and 14 days, and we require those time lines to be in in any challenge system that we approve. OK?

So yes, it can hold up the process, but we feel it's important. The right is important to protect.

In the issue of qualifications and verification, we really have tried to -- again, I say we're kind of principle-based more than rule-based. It's not so much these pieces of paper. It's what's behind it (inaudible) behind it.

It's like asking the right questions. So if you notice like we have encouraged there being a checking of references.

And when they give us an evaluation report that they have a proposed award, we want to see what they've done to confirm the references and the pieces of paper that they get.

So we are requiring them to look behind the paper and to use that kind of approach to procurement. Even though that takes time, as we know, that's time well spent and well saved in the overall process.

SETHNESS: Question over here, Brendan.

QUESTION: Robert Krause (ph) for the QED Group. Do these accountable entities have any limitations on their ability to engage the best and the brightest experts? Are there any daily rate limitations?

MEYER: If we're talking about hiring, I'm going to let Will -- and so maybe he wants to address that, and then I'll go back on the procurement side of it.

CLANCY: In reference to your question, are you talking about the staffing of the -- the consultants?

QUESTION: (OFF-MIKE)

MEYER: OK. OK. This is a really good question to give a different -- we take a very different approach to contracting than the U.S. government in terms of most of those consultant contracts that you're used to, like USAID (inaudible) there will be more time and materials or cost reimbursement-type contracts, where you do have the biodata sheets and those kinds of lists.

We encourage more of a price type contract, unit pricing, lump sum pricing, percentage fees-type -- but a pricing -- a price approach.

When you're dealing in the international arena, I mean, to get those audited multipliers, to get those accounting systems internationally, to have the auditor have to come in and do all of that auditing of the cost systems -- it would be very difficult for us to implement this program both in the time frame and in the capacity.

So those are not real issues. Now, we don't forbid that kind of contracting, but we really encourage the use of a more pricing mechanism.

So whatever you pay your consultants, that's going to be your -- it's going to be how you factor it in and compete on your overall price, not your cost.

SETHNESS: Well, I think, more directly, we don't have any cost cap schedules that we're imposing on accountable entities, but the issue here is trying to get the best value for the money.

And there will be -- in extreme situations, there will be a balance between technical evaluation and the final price determination.

QUESTION: That's good news.

SETHNESS: Yes. OK.

If there aren't any other questions right now that -- well, what I'm going to do -- if people have to leave, since it's after 5 o'clock already, please feel free to bail out, and thank you again very much for coming.

And we'll continue with a couple more questions, since we have the experts captive.

But don't feel shy about leaving if you need to. Thank you. It's a pleasure to have you here.

DANT: Yes. I'm Bill Dant. I'm with the Institute of International Education and actually it's a follow-on question to the last.

Does MCC recognize federal and direct cost rates negotiated -- NICRA -- or how is that part of a bid handled?

MEYER: If we did that kind of contracting, yes. I mean, if we did a cost reimbursement contracting, then some of the -- I mean, some of the costs and the cost rates -- but we don't -- we haven't done that kind of contracting.

CLANCY: Those stipulations do not apply in country, because the accountable entity is an entity of that government or of that nation, so it doesn't -- the flow-through does not go to those rates. But we would probably prescribe something similar to that in country.

SETHNESS: OK. Thank you all again. It was a pleasure to have you here, and we encourage you to follow up the opportunities and try to become active and competitive parts of the MCC investment process.

END